

# BAPTIST FOUNDATION OF ARIZONA, ET AL.

## Ballot Report

**Baptist Foundation of Arizona, an Arizona nonprofit 501(c)(3) corporation,  
and related proceedings, administered under Case No. 99-13275-ECF-GBN**

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## *Summary*

This Ballot Report sets forth the process used by Debtors to solicit and tabulate ballots concerning the First Amended Joint Liquidating Plan of Reorganization (the “**Plan**”),<sup>1</sup> dated September 25, 2000; and also to set forth the results of that balloting.

The solicitation was a joint effort of the Debtors and the Debtors’ accountants, Ernst & Young. A process was designed to insure that every claimant entitled to vote to accept or reject the Plan was solicited, that every ballot was recorded and tabulated, and that the results are presented in a fashion designed to comply with prior Court order,<sup>2</sup> the Plan, the Bankruptcy Code and Bankruptcy Rules of Procedure (the “Rules”).

That process is described in detail in the following sections of this Ballot Report. In brief summary, the Debtors and Ernst & Young worked together to compile a complete list of every claimant of the Debtors in these jointly administered proceedings. Ernst & Young then used the list to mail a solicitation package to each claimant. Each solicitation package included a ballot (or ballots). Once ballots were returned to Ernst & Young, they were tabulated according to the class into which each claim is categorized in the Plan.

Pursuant to the Balloting Order, all contingent, unliquidated and/or disputed claims, so long as they were timely filed, were granted temporary allowance for purposes of voting, unless such claims were subject to an objection. On November 7, 2000, Debtors filed Objections to a number of claims in Classes 4 and 5 under the Plan. A list of the claimants holding claims to which the Debtors objected is found in Appendix No. 1. Pursuant to the Balloting Order and Rule 3018 of the Rules, the tabulation of ballots in Classes 4 and 5, below, do not reflect ballots cast by those claimants holding claims to which the Debtors objected.

Based on this process, the Plan has been accepted by every class that was solicited pursuant to the Plan and the Balloting Order.

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<sup>1</sup> Capitalized terms either are defined in this Ballot Report, or are defined in the Plan and/or the related Disclosure Statement.

<sup>2</sup> On September 29, 2000, the United States Bankruptcy Court for the District of Arizona issued the “Order” (A) Establishing Procedures for Soliciting and Tabulating Votes on the Joint Liquidating Plan of Reorganization; (B) Approving Form of Ballots; (C) Approving Form of Recommendations to Accept the Plan; (D) Approving the Voting Procedures Concerning Certain Common Trusts and Individual Trusts; and (E) Approving Notice and Publication Procedures.” Hereinafter, that Order is referred to as the “**Balloting Order.**”

## Balloting Results

Ballots were solicited for four classes. The results of that balloting are as follows:

### **Classes 1 & 2:**

Classes 1 and 2 were not solicited. Under the Plan, these classes are not impaired and are presumed to accept the Plan. See Balloting Order, ¶ 2.

### **Class 3A (Collateralized Investors):**

Class 3A consists of collateralized investors. There are a total of 23,327 accounts, representing \$448,213,227 that comprise Class 3A. A total of 9,302 ballots were sent to claimants in Class 3A. Of these ballots, 7,481 were returned. Of the returned ballots, 7,410 cast a vote to accept or reject the Plan. 71 of these ballots did not either accept or reject the Plan. Pursuant to the Balloting Order, these 71 ballots were not included in the tabulating of votes to accept or reject the Plan. The results of the balloting of Class 3A claimants is as follows:

Plan Vote	Value of Claims	% of Voting	Number of Accounts	% of Voting	Number of Ballots	% of Voting
Accept the plan	\$404,382,625	97.9%	19,645	98.3%	7,291	98.4%
Reject the plan	\$8,767,665	2.1%	342	1.7%	119	1.6%

Class 3A claimants also were given the option of making three, separate elections relating to their claims:

- whether to keep or give up their share of the Collateralized Investor Premium;
- whether to keep or give up their share of payments from the Liquidating Trust; and,
- whether to accept or withdraw from the Preference Settlement Option

the result of that portion of the balloting of Class 3A claimants is as follows:

#### **Collateralized Investor Premium**

Premium Vote	Value of Claims	% of Voting	Number of Accounts	% of Voting	Number of Ballots	% of Voting
Keep my share	\$395,503,708	98.3%	18,894	98.7%	6,955	98.6%
Give up my share	\$6,822,090	1.7%	256	1.3%	99	1.4%

### Liquidating Trust Payments

Trust Payment Vote	Value of Claims	% of Voting	Number of Accounts	% of Voting	Number of Ballots	% of Voting
Keep payments	\$399,246,685	99.9%	18,921	99.8%	6,942	99.6%
Give up payments	\$333,036	0.1%	38	0.2%	29	0.4%

### Preference Settlement Option

Preference Settlement Vote	Value of Claims	% of Voting	Number of Accounts	% of Voting	Number of Ballots	% of Voting
Accept the option	\$217,253,514	98.4%	8,472	98.8%	2,627	98.6%
Withdraw from option	\$3,568,047	1.6%	107	1.2%	38	1.4%

### Class 3B (Uncollateralized Investors):

Class 3B consists of uncollateralized investors. There are a total of 7,816 accounts, representing \$137,179,778 that comprise Class 3B. A total of 4,076 ballots were sent to claimants in Class 3B. Of these ballots, 3,467 were returned. Of the returned ballots, 3,440 cast a vote to accept or reject the Plan. 27 of these ballots did not either accept or reject the Plan. Pursuant to the Balloting Order, these 27 ballots were not included in the tabulation of votes to accept or reject the Plan. The results of the balloting of Class 3A claimants is as follows:

Plan Vote	Balance	% of Voting	Number of Accounts	% of Voting	Number of Ballots	% of Voting
Accept the plan	\$116,045,868	95.0%	6,625	98.1%	3,386	98.4%
Reject the plan	\$6,045,165	5.0%	126	1.9%	54	1.6%

The Class 3B claimants also were given the option of making two, separate elections relating to their claims:

- whether to keep or give up their share of payments from the Liquidating Trust; and,
- whether to accept or withdraw from the Preference Settlement Option

the result of that portion of the balloting of Class 3B claimants is as follows:

## Liquidating Trust Payments

Trust Payment Vote	Balance	% of Voting	Number of Accounts	% of Voting	Number of Ballots	% of Voting
Keep payments	\$111,502,866	100.0%	6,165	100.0%	3,137	100.0%
Give up payments	\$0	0.0%	0	0.0%	0	0.0%

## Preference Settlement Option

Preference Settlement Vote	Balance	% of Voting	Number of Accounts	% of Voting	Number of Ballots	% of Voting
Accept the option	\$50,513,893	98.0%	2,375	97.9%	1,146	98.5%
Withdraw from option	\$1,025,578	2.0%	50	2.1%	18	1.5%

## Class 4 (Miscellaneous Secured Claims):

Class 4 consists of claimants holding a variety of secured claims, other than collateralized investor claims. Class 4 is comprised of claims totaling \$49,707,340.68. A total of approximately 52 ballots were sent to claimants in Class 4. Of these ballots, 15 were returned. Of the returned ballots, 9 were eligible to cast a vote to accept or reject the Plan,<sup>3</sup> and each did cast a vote. The results of the balloting of Class 4 claimants is as follows:

	Total Claim Amount <sup>4</sup>	% of Voting	Number of Ballots	% of Voting
Accept Plan	\$6,777,776	86.8%	8	88.9%
Reject Plan	\$1,029,492	13.2%	1	11.1%

## Class 5 (General Unsecured Claims):

Class 5 is comprised of claimants holding general, unsecured claims, other than uncollateralized investor claims. Class 5 is comprised of claims totaling \$10,013,178.36. A total of approximately 75 ballots were sent to claimants in Class 5. Of these ballots, 60 were returned. Of the returned ballots, 8 were eligible to cast a vote for or against the Plan,<sup>5</sup> and each did cast a vote. The results of the balloting of Class 5 claimants is as follows:

<sup>3</sup> The remaining 6 claimants held claims to which the Debtors filed objections. *See supra*.

<sup>4</sup> According to the Debtors' records. The total claims per the claimants' ballots is \$7,133,365. *See* Balloting Order, ¶ 5(c).

<sup>5</sup> The remaining 52 claimants held claims to which the Debtors filed objections. *See supra*.

	<i><b>Total Claim Amount<sup>6</sup></b></i>	<i><b>% of Voting</b></i>	<i><b>Number of Accounts and Ballots</b></i>	<i><b>% of Voting</b></i>
<b>Accept Plan</b>	\$8,527,679	100.0%	8	100.0%
<b>Reject Plan</b>	\$0	0.0%	0	0.0%

### **Class 6 (Administrative Convenience Claims):**

Class 6 is comprised of persons holding general, unsecured claims of less than five thousand dollars (\$5,000). Class six claimants were not solicited, as Class 6 claimants are not impaired under the Plan. See Balloting Order, ¶ 2. Ballots sent to Class 5 claimants contained an option to voluntarily reduce the amount of the claimant's claim in order to be treated as a Class 6 claimant. One claimant chose this option.

### **Classes 7, 8 and 9:**

Under the Balloting Order, Classes 7, 8 and 9 are deemed to have rejected the Plan. Therefore, balloting of these classes was not required. See Balloting Order, ¶ 3.

### **Summary of Votes and Acceptance of Plan**

Based upon Debtors' tabulation of ballots, it appears that the Plan has been accepted by all classes that were balloted.

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<sup>6</sup> According to the Debtors' records. The total of claims per the claimants' ballots is \$8,838,900.06. See Balloting Order, ¶ 5(c).

## *Methodology*

This section of the Ballot report is intended to explain more precisely the process that the Debtors, their counsel, and their accountants employed to solicit and tabulate ballots.

### **Solicitation of Votes**

The Debtors provided Ernst & Young with a series of electronic spreadsheets with names, addresses, social security numbers or tax identification numbers, account numbers, account balances as of the petition date, and designations of Class under the Plan. Copies of these spreadsheets are found in Appendix No. 2 "A" (Classes 3A and 3B), 2 "B" (Class 4), and 2 "C" (Class 5).

Ernst & Young compared the information in the spreadsheets to schedules contained in the Disclosure Statement. Once Ernst & Young was satisfied that the information in the spreadsheets conformed to the Debtors' books and records, Ernst & Young delivered the spreadsheets to Bowne Financial Printers in order to print ballots. That delivery was accomplished through Bowne's password-protected Internet posting site. Bowne printed and mailed solicitation packages based upon the information contained in the spreadsheets. For detail concerning Bowne's procedures for printing and mailing the ballots, see the Affidavit of Al Purcell, a copy of which is found in Appendix No. 3. Ballots conformed to the forms approved by the Court in the Balloting Order.

### **Receipt and Tabulation of Votes**

Ernst & Young received ballots from claimants. Ballots arrived to Ernst & Young via facsimile, certified mail, first-class mail, courier services and by personal delivery, all of which are methods of delivery that were approved by the Court. See Balloting Order, ¶ 4. As each ballot was received, it was date-stamped and stamped with a unique number, in series (a "**Bates Number**").

Ernst & Young was notified by a small number of claimants that they had not received a complete solicitation package or ballot, or wished to amend their previously submitted vote. In each instance that this occurred, Ernst & Young mailed or faxed the person a replacement ballot. In the very few situations where a person notified Ernst & Young that they had not received a solicitation package, Ernst & Young forwarded the person's name to Bowne to send a complete, replacement solicitation package.



## Tabulation of Class 3A and Class 3B Ballots

In order to deal with the large number of ballots from Class 3A and Class 3B claimants, Ernst & Young developed a database system to tabulate votes in those classes. The database stores information in two "tables," the "Vote Table" and the "Account Table." The Vote Table portion of the database comprises seven, significant fields of information, described below:

Significant Fields	Description
Tax ID#	This field was provided by BFA and serves as the unique identifier, along with the Ballot field, for every Class 3 ballot. This field, together with the Ballot field, links to the same fields in the Account Table and serves to tie the tables together, allowing the tabulation of number of accounts and balances for the ballots.
Ballot	The source data for this field was provided by BFA, and identifies whether the ballot is Class 3A or Class 3B. Field values are "3A" or "3B".
Plan Vote	Input field for the plan vote, values are "1" (Accept the plan), "2" (Reject the plan), "0" (No Answer), and "-100" (Not Received).
Premium Vote	Input field for the Collateralized Investor Premium vote, values are "1" (Keep my share), "2" (Give up my share), "0" (No Answer), "-100" (Not Received), and "-1" (Not Applicable). This vote is not applicable to Class 3B.
Claim Waiver Vote	Input field for the Voluntary Investor Claim Waiver, values are "1", (Keep payments), "2" (Give up payments), "0" (No Answer), and "-100" (Not Received).
Preference Settlement Vote	Input field for the Preference Settlement Option, values are "1" (Accept the option), "2" (Withdraw from the option), "0" (No Answer), and "-100" (Not Received).
Bate Stamp Number	Input field for a unique bates stamp number that was stamped on each ballot as it was received. This field is used to be able to easily retrieve the actual ballot of any particular investor.

The Account Table comprises the information contained in the spreadsheets from BFA. Ernst & Young did not input data for the Account Table; rather, this information came solely from the Debtors' records. The basic claimant and claim information from the Account Table is tied to the Vote Table both by the social security/tax identification number field, and by the Ballot Field. The Account Table portion of the database comprises seven, significant fields of information, described below:

Significant Fields	Description
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Tax ID#	Data provided by BFA. This field, along with the Ballot field, serves as the key field tying the Account Table and the Vote Table together.
Ballot	Data provided by BFA. This field identifies whether the ballot is Class 3A or Class 3B. Field values are "3A" or "3B"
Name	Data provided by BFA. This is the investor's name.
Address Line 1	Data provided by BFA. This is the investor's address.
Address Line 2	Data provided by BFA. This is the investor's address.
Address Line 3	Data provided by BFA. This is the investor's address.
Current Bal	Data provided by BFA. This represents the total balance as of the date of bankruptcy.

The voting results from Class 3A and Class 3B, in aggregate form, are found in Appendix No. 2 "A".

The database entry system was designed to maximize accuracy and security. The following figures are actual "screen shots" showing the basic data-entry presentation of the database system, and illustrating the basic security measures the system employs.

Figure 1. This figure illustrates the basic data-entry presentation for a claimant holding only a Class 3A claim.

The screenshot displays the Microsoft Access application window titled "Microsoft Access - [Class 3 People]". The menu bar includes File, Edit, View, Insert, Format, Records, Tools, Window, and Help. The toolbar contains various icons for file operations, editing, and navigation. The form is divided into several sections:

- Name:** Cindy L Martin
- Tax ID#:** 267-62-1408
- Ballot:** 3A
- Address:** 3834 East Altadena Avenue, Phoenix AZ 85028-2129
- Ballot Account:** A tabbed interface with "Ballot" and "Account" tabs. The "Ballot" tab is active.
- Class 3A Secured:** A blue background area containing:
  - Control Number:** 6799
  - Section 1: Plan Vote:**
    - ☒ Accept the Plan
    - ☐ Reject the Plan
    - ☐ No Answer
  - Section 2: Premium Vote:**
    - ☒ Keep my share of the Premium
    - ☐ Give up my share of the Premium
    - ☐ No Answer
  - Section 3: Claim Waiver Vote:**
    - ☒ Keep payments from the Liquidating Trust
    - ☐ Give up all payments from the Liquidating Trust
    - ☐ No Answer
  - Section 4: Preference Settlement Vote:**
    - ☐ Accept the Preference Settlement Option
    - ☐ Withdraw from the Preference Settlement Option
    - ☒ No Answer
- Class 3B Unsecured:** A yellow background area, currently empty.

The status bar at the bottom indicates "Form View".

Figure 2. This figure illustrates the basic data-entry presentation for a claimant holding only a Class 3B claim.

Microsoft Access - [Class 3 People]

File Edit View Insert Format Records Tools Window Help

Name: William A Berdel Tax ID#: 268-01-2164 Ballot: 3B

Address: 4409 E Coronado Rd  
Phoenix AZ 85008-4117

Ballot Account

Class 3A Secured

Class 3B Unsecured

Control Number: 11100

Section 1: Plan Vote

- ☒ Accept the Plan
- ☐ Reject the Plan
- ☐ No Answer

Section 2: Claim Waiver Vote

- ☒ Keep payments from the Liquidating Trust
- ☐ Give up all payments from the Liquidating Trust
- ☐ No Answer

Section 3: Preference Settlement Vote

- ☐ Accept the Preference Settlement Option
- ☐ Withdraw from the Preference Settlement Option
- ☒ No Answer

Form View

Figure 3. This figure illustrates the basic data-entry presentation for a claimant holding both a Class 3A and 3B claim.

Microsoft Access - [Class 3 People]

File Edit View Insert Format Records Tools Window Help

Name: Nelda F Pryor Tax ID#: 267-58-7940 Ballot: Both 3A and 3B

Address: 6551 W Dana Dr  
Tucson AZ 85735-1230

Ballot Account

**Class 3A Secured**

Control Number: 10912

**Section 1: Plan Vote**

☒ Accept the Plan  
☐ Reject the Plan  
☐ No Answer

**Section 2: Premium Vote**

☒ Keep my share of the Premium  
☐ Give up my share of the Premium  
☐ No Answer

**Section 3: Claim Waiver Vote**

☒ Keep payments from the Liquidating Trust  
☐ Give up all payments from the Liquidating Trust  
☐ No Answer

**Section 4: Preference Settlement Vote**

☐ Accept the Preference Settlement Option  
☐ Withdraw from the Preference Settlement Option  
☒ No Answer

**Class 3B Unsecured**

Control Number: 10913

**Section 1: Plan Vote**

☒ Accept the Plan  
☐ Reject the Plan  
☐ No Answer

**Section 2: Claim Waiver Vote**

☒ Keep payments from the Liquidating Trust  
☐ Give up all payments from the Liquidating Trust  
☐ No Answer

**Section 3: Preference Settlement Vote**

☐ Accept the Preference Settlement Option  
☐ Withdraw from the Preference Settlement Option  
☒ No Answer

Form View

Figure 4. This figure illustrates the error message that is displayed if the data entry user fails to enter data for every field.

The screenshot shows a Microsoft Access database window titled "Microsoft Access - [Class 3 People]". The main form displays a ballot for "Gwendolyn L. Hall" with a Tax ID of "267-58-3684" and Ballot "3A". The address is "234 W Betty Elyse Ln, Phoenix AZ 85023-3647". The form is divided into two sections: "Class 3A Secured" (blue background) and "Class 3B Unsecured" (yellow background). The "Class 3A Secured" section contains four sub-sections, each with a "Control Number" field and a list of options:

- Section 1: Plan Vote**
  - ☒ Accept the Plan
  - ☐ Reject the Plan
  - ☐ No Answer
- Section 2: Premium Vote**
  - ☒ Keep my share of the Premium
  - ☐ Give up my share of the Premium
  - ☐ No Answer
- Section 3: Claim Waiver Vote**
  - ☒ Keep payments from the Liquidating Trust
  - ☐ Give up all payments from the Liquidating Trust
  - ☐ No Answer
- Section 4: Preference Settlement Vote**
  - ☐ Accept the Preference Settlement Option
  - ☐ Withdraw from the Preference Settlement Option
  - ☐ No Answer

An "Error: Incomplete Vote" dialog box is displayed over the form, with a yellow warning icon and the message: "Please make sure all Sections are answered." The dialog box has an "OK" button.

Form View

Figure 5. This figure illustrates the error message that is displayed if the data entry user attempts to change information in the database after an entry has been completed.

The screenshot shows the Microsoft Access application window titled "Microsoft Access - [Class 3 People]". The menu bar includes File, Edit, View, Insert, Format, Records, Tools, Window, and Help. The toolbar contains various icons for file operations, editing, and navigation. The main form is titled "Class 3 People" and contains the following fields:

- Name: Joyce C Althens Trust Dtd 01/28/87
- Tax ID #: 001-22-6913
- Ballot: 3B
- Address: 3220 County Road 200
- Burnet TX 78611-6103

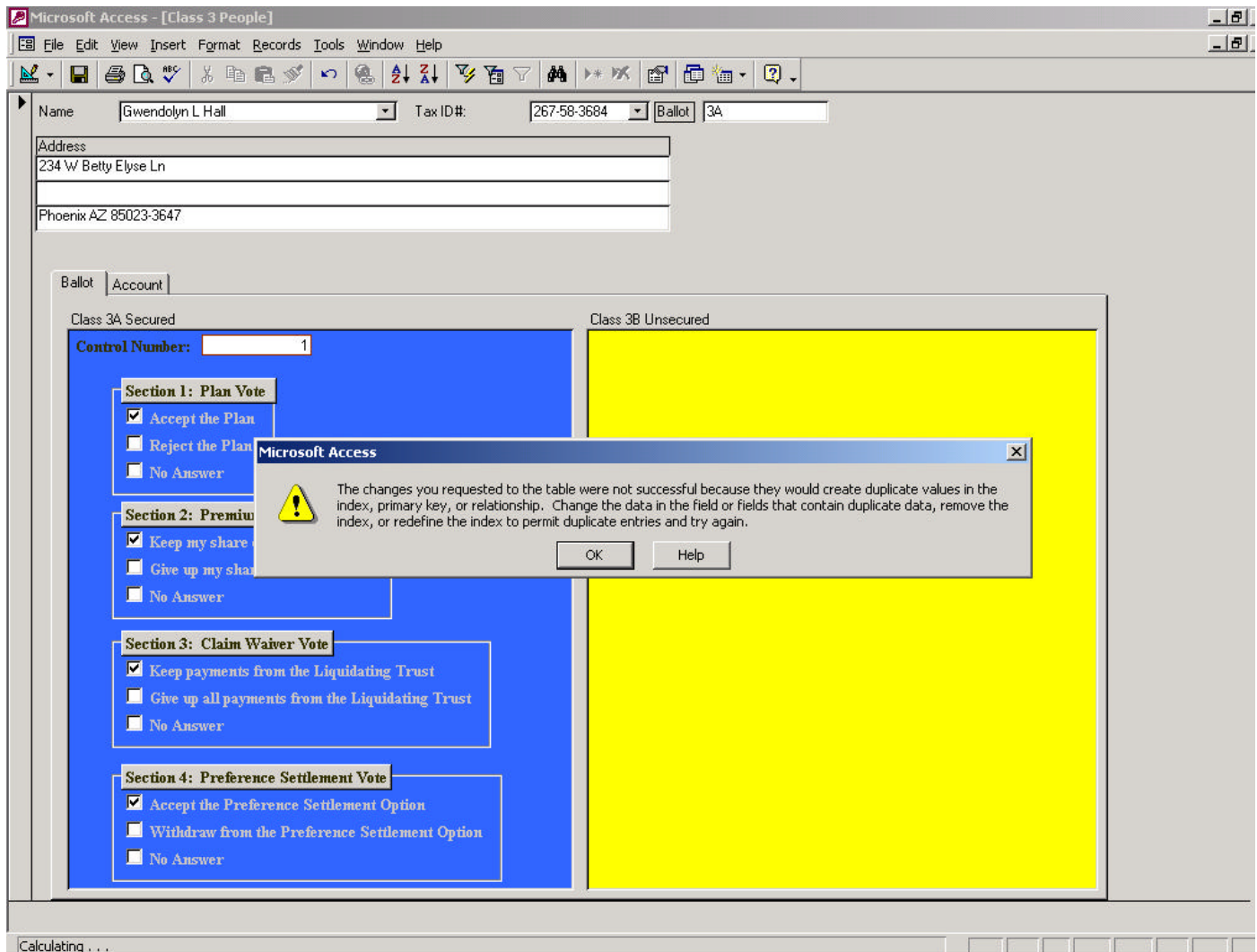
The form is divided into two main sections:

- Class 3A Secured**: A large blue rectangular area.
- Class 3B Unsecured**: A yellow rectangular area containing the following sections:
  - Control Number:** 3252
  - Section 1: Plan Vote**:
    - ☒ Accept the Plan
    - ☐ Reject the Plan
    - ☐ No Answer
  - Section 2: Preference Settlement Vote**:
    - ☐ Accept the Preference Settlement Option
    - ☐ Withdraw from the Preference Settlement Option
    - ☒ No Answer

An error message dialog box titled "Ballot Locked" is displayed over the form. It contains the text "Ballot already completed." and an "OK" button.

At the bottom of the window, the status bar shows "Record: 2 of 10662" and "Form View".

Figure 6. This figure illustrates the error message that is displayed if the data entry user attempts to enter a duplicate Bates Number.





### **Tabulation of Class 4 and Class 5 Votes**

Because there was a much smaller number of ballots cast in Class 4 and Class 5, Ernst & Young opted to tabulate votes in these classes in a simple spreadsheet format. This spreadsheet was personally created, and the information therein tabulated by Ernst & Young's affiant. Copies of the Voting Detail for Class 4, and the Voting Detail for Class 5, are contained in Appendix 2 "B" and 2 "C," respectively.

### **Miscellaneous Issues**

Consistent with the Balloting Order, Ernst & Young accepted ballots until 4:00 PM Mountain Standard Time on November 1, 2000. See Balloting Order, ¶ 4. In the few instances that Ernst & Young received more than one ballot per claimant, it tabulated the latest received ballot. See id., ¶ 8(a). Although Ernst & Young has not formally audited this process, and was not engaged or approved by the Court to do so, Ernst & Young has attested to this Ballot Report as an accurate and complete summary of the solicitation and voting process and results. See Affidavit of Derek Olson, a copy of which is contained in Appendix No. 4.